
Age and Service Employee Annuity



United States of America
Railroad Retirement Board
<http://www.rrb.gov>

Introduction

This booklet contains important information regarding your employee annuity under the Railroad Retirement Act (RRA). We recommend that you read **Part I** before you file your application. It explains the requirements you must meet to qualify for a retirement age and service employee annuity.

You must file a Form AA-1 *Application for Employee Annuity* and meet the requirements explained in **Part I** of this booklet in order to receive a railroad retirement annuity

If you file for an annuity based on disability, you must also file a Form AA-1D *Application for Determination of Employee Disability*. Refer to the booklet RB-1D, *Employee Disability Benefits* for an explanation of the disability requirements.

Part II of this booklet explains what will happen after you file your application and includes a discussion of how and when you will receive your monthly payments.

Your spouse, or divorced spouse, must file a separate Form AA-3 *Application for Spouse/Divorced Spouse Annuity* to qualify for an annuity on your earnings record. Booklet RB-30 *Spouse/Divorced Spouse Annuity* explains the spouse/divorced spouse entitlement requirements.

The RRB representatives at the field office nearest you will be happy to discuss and explain the information included in this booklet. You can call the RRB Help Line at 1-800-808-0772, to find the RRB field office nearest you, based on your Zip Code.

Your railroad retirement annuity is affected by certain events that may occur. A description of these events and an explanation of how you should report them is covered in the booklet RB-9 *Employee and Spouse Annuities - Events That Must Be Reported*. Because these events can take place any time after you receive your annuity payments, you should keep the RB-9 booklet for future reference.

Other Booklets of Interest

IB-2, *Railroad Retirement And Survivor Benefits*

RB-3, *Furnishing Evidence to Support Your Claim*

G-179, *Special Guaranty in Employee and Spouse Annuities*

RRB booklets are available on the Railroad Retirement Board (RRB) Web Site at <http://www.rrb.gov>.

Table of Contents

Part I - Applying for Your Annuity

Chapter 1:	Requirements to Receive an Age and Service Annuity	1
Chapter 2:	How Family Members Can Affect Your Annuity	4
Chapter 3:	Credit for Military Service	4
Chapter 4:	Credit for Railroad Work	6
Chapter 5:	The Effects of Unemployment or Sickness Benefits After Your Date Last Worked	7
Chapter 6:	The Effects of Dismissal Allowance, Pay For Time Lost And Some Types of Vacation Pay	7
Chapter 7:	The Effects of a Separation Allowance After Your Date Last Worked	8
Chapter 8:	Non-Railroad Work	9
Chapter 9:	Current Connection	10
Chapter 10:	When Your Annuity Can Begin	11
Chapter 11:	How Earnings Affect Your Annuity	12
Chapter 12:	Social Security Benefits	14
Chapter 13:	Non-Covered Service Pensions	14
Chapter 14:	Other Railroad Retirement Annuities	15
Chapter 15:	Requirements to Receive a Supplemental Annuity	16
Chapter 16:	Medicare Coverage and You	17
Chapter 17:	Worker's Compensation and Public Disability Benefits	19

Part II - After You Apply for Your Annuity

Chapter 18:	Notice of Decision About Your Age and Service Application	19
Chapter 19:	How Payments Are Made	20
Chapter 20:	Direct Deposit to a Financial Organization	21
Chapter 21:	Change of Address	21
Chapter 22:	Receiving a Tax Refund of Excess Social Security Tax	21
Chapter 23:	Receiving a Railroad Separation Allowance Payment	22
Chapter 24:	Records You Should Keep	22

Part I

Applying for Your Annuity

The chapters in this part of the booklet contain information that will help you to complete your application correctly. Included are the requirements you must meet to receive an annuity, and when your annuity could begin. You may file your application and the required proofs up to three months before your annuity beginning date. We recommend that you read the chapters in this part of the booklet and the booklet RB-3 *Furnishing Evidence to Support Your Claim* before you file your annuity application.

Regular railroad retirement annuities are calculated under a two-tier formula.

The first tier (Tier 1) is based on railroad retirement credits and any social security credits an employee has acquired. The amount of the first tier is calculated using social security formulas, but with railroad retirement age and service requirements.

The second tier (Tier 2) is based on railroad retirement credits only, and may be compared to the retirement benefits paid over and above social security benefits to workers in other industries.

Chapter 1 - Requirements to Receive an Age and Service Annuity

You may qualify for a monthly age and service employee annuity if you meet certain requirements. This chapter describes types of age and service annuities and the different conditions for each.

If you are filing for a disability annuity, you should also refer to booklet RB-1D *Employee Disability Benefits* which explains disability annuity requirements. However, if your disability annuity is denied, and you indicate that you are eligible for and would accept a reduced age annuity, read this chapter for information about the reduced age and service annuity.

The requirements for a supplemental annuity are explained in Chapter 15 of this booklet.

A. **Age Requirement For Age and Service Annuity**

The age requirement depends on your years of creditable railroad service. When all eligibility requirements are met, an age and service annuity can begin as explained in the following chart.

DETERMINING YOUR ANNUITY BEGINNING DATE

If you have at least	You can retire the first full month	and Your Tier 1 will have an age reduction if:	and Your Tier 2 will:
360 months of railroad service,	you are age 60.	you retire before attaining age 62.	not have an age reduction.
120-359 months of railroad service, with service before 8/12/1983,	you are age 62.	you retire before attaining your <i>Full Retirement Age</i>	have an age reduction if you retire before attaining age 65.
120-359 Months of railroad service, without service before 8/12/1983,	you are age 62.	you retire before attaining your <i>Full Retirement Age</i>	have an age reduction if you retire before attaining your <i>Full Retirement Age</i>

1. *You Have 10 - 29 Years of Railroad Service* - Your age and service annuity can begin as early as the first day of the first full month you are age 62.
2. *You Have At Least 30 Years of Railroad Service* - Your age and service annuity can begin as early as the first day of the first full month you are age 60.

B. *Age Reduction to Your Annuity* - If you have at least 30 years of railroad service, you and your spouse will not have any age reduction if you wait to retire until the first full month you are age 62 or later.

Otherwise, the term *Full Retirement Age* means the age at which you can receive a full annuity, unreduced for early retirement. (*Full Retirement Age* also affects Tier 1 annuity deductions due to earnings as described in Chapter 11.)

Full Retirement Age for the Tier 1 age reduction is age 65 for any person who attains age 62 before January 1, 2000. The **Full Retirement Age** for persons attaining age 62 after 1999 will gradually increase over a 20-year period to age 67, as illustrated in the following chart:

DETERMINING YOUR FULL RETIREMENT AGE

If you were born:	then your Full Retirement Age is:
Before 1-2-1938	65
1-2-1938 thru 1-1-1939	65 and 2 months
1-2-1939 thru 1-1-1940	65 and 4 months
1-2-1940 thru 1-1-1941	65 and 6 months
1-2-1941 thru 1-1-1942	65 and 8 months
1-2-1942 thru 1-1-1943	65 and 10 months
1-2-1943 thru 1-1-1955	66
1-2-1955 thru 1-1-1956	66 and 2 months
1-2-1956 thru 1-1-1957	66 and 4 months
1-2-1957 thru 1-1-1958	66 and 6 months
1-2-1958 thru 1-1-1959	66 and 8 months
1-2-1959 thru 1-1-1960	66 and 10 months
1-2-1960 and later	67

Full Retirement Age for your Tier 2 age reduction will remain at age 65 if you had any creditable railroad service before August 12, 1983. Otherwise, the **Full Retirement Age** for your Tier 2 age reduction will gradually increase in the same manner as **Full Retirement Age** for your Tier 1 age reduction.

1. **You Do Not Have Railroad Service Before August 12, 1983** - If you began your railroad service on August 12, 1983, or later, you have less than 30 years of railroad service. Your Tier 1 and Tier 2 will be reduced by 1/180 for each of the first 36 months you are under **Full Retirement Age** and 1/240 for each additional month you are under **Full Retirement Age** on the annuity beginning date.
2. **You Have Railroad Service Before August 12, 1983 and You Have 10 - 29 Years of Railroad Service** - If you began your railroad service before August 12, 1983, and you have at 10 - 29 years of railroad service, your Tier 1 will be reduced by

1/180 for each of the first 36 months you are under **Full Retirement Age** and 1/240 for each additional month you are under **Full Retirement Age** on the annuity beginning date. Your Tier 2 age reduction is 1/180 for each month you are under age 65 on your annuity beginning date.

3. **You Have Railroad Service Before August 12, 1983, and You Have At Least 30 Years of Railroad Service** - If you have at least 30 years of creditable railroad service, and:
 - a) you retire in or after the first full month you are age 62, you and your spouse will not have Tier 1 or Tier 2 age reductions; or,
 - b) you retire before the first full month you attain age 62, you and your spouse will not have Tier 2 age reductions. However, your Tier 1 will be reduced by the maximum age reduction percentage from your annuity beginning date until the first full month you are age 62. (The maximum age reduction percentage is 20% (36/180) for employees who attain age 62 before January 1, 2000. It will gradually rise as **Full Retirement Age** rises.)

Your Tier 1 will be recalculated in the first full month you are age 62. It will then be reduced by 1/180 for each of the first 36 months you are under **Full Retirement Age** and 1/240 for each additional month you are under **Full Retirement Age** on that date.

- C. **Cessation of Railroad Service** - In order to receive your age and service annuity, you must stop all railroad work for pay and relinquish rights to railroad employment. Also note that, after the annuity is awarded, payment cannot be made for any month in which you return to work for a railroad employer.

You also cannot return to railroad work as a consultant if your responsibilities are similar to the duties you had before you ceased railroad employment.

D. Relinquishment of Rights - Before an annuity can be paid, you must relinquish all seniority or other rights to return to work for any railroad employer. While an age and service annuity can begin to accrue as early as the day after you stop working for the railroad, it cannot be awarded until you relinquish rights to railroad employment.

Example - A qualified age and service applicant, who stops working on December 31, but does not relinquish rights until March 15, is entitled to an annuity from January 1. Although benefits accrue from January 1, the actual payment cannot be made before March 15, the day relinquishment of rights is accomplished.

The relinquishment of rights only affects the benefits under the Railroad Retirement Act (RRA). The relinquishment of rights does not bind the railroad should the employer choose to provide certain employee benefits (i.e. health insurance, an employee buyout) after the employee stops working.

1. *How Relinquishment of Rights is Accomplished* - To relinquish your rights to railroad employment, use your annuity application AA-1. Indicate that you either no longer have seniority or other rights to work for a railroad employer or, if you are filing in advance of your annuity beginning date, that you will give up those rights as of the date indicated as your last day of railroad employment.

Under advance filing procedure, you may file for an age and service annuity up to 90 days before your annuity beginning date. If you are still working

in railroad service when you file, this means that the date that you certify on your annuity application as the date you will stop railroad service and relinquish rights is a date in the future. If your plans change, you must promptly report any change in your last day of railroad service to the nearest RRB field office. Otherwise, your annuity beginning date could be incorrect, resulting in erroneous payments.

2. *Relinquishment of Rights In Wrongful Termination Cases* - If you are prosecuting a claim before the National Railroad Adjustment Board for reinstatement and for time lost from the effective date of a termination action that you believe is wrongful, you must include the following statement over your signature in the "Remarks" section of your Application AA-1: "I do not at this time possess any rights to return to the service of an employer. This statement shall be without prejudice to my claim that I was wrongfully deprived of such rights on (date of termination)."

You must also request the RRB field office to prepare an "Assignment of Claim" statement for your signature. This states that you will refund any annuity payments you receive for any period for which you may subsequently be awarded pay for time lost.

3. *Protest of Relinquishment of Rights* - Once effective, you cannot revoke the relinquishment of rights, even if you offer to refund the amount of the RRA annuities that were paid based on the relinquishment of rights.

The RRB Field office will release Form G-88A, *Retirement Contact Form*, to your last railroad employer if your date last worked is within two years of the date that you file your employee annuity application. This will notify your employer of your claimed *Date Last Worked* and relinquishment of rights.

Chapter 2 - How Family Members Can Affect Your Annuity

Information concerning your marriage history is requested on your employee annuity application to determine the possible entitlement of any spouse or divorced spouse on your earnings record. If you are married when you apply for benefits, be sure to ask the RRB representative whether your spouse is eligible for an annuity. If you or your spouse are too young to qualify your spouse for benefits at that time, ask when your spouse will become eligible. Your spouse or divorced spouse is required to file a separate application *AA-3 Application for Spouse/Divorced Spouse Annuity* to receive benefits on your earnings record. The eligibility requirements are explained in booklet RB-30 *Spouse/Divorced Spouse Annuity*.

You may also be entitled to an increase in your annuity called the *Special Guaranty* computation, if members of your family meet the requirements under Social Security (SS) Act rules using your railroad service as if it had been covered under the SS Act. In most cases, your regular railroad retirement annuity rate will exceed the amount that the Social Security Administration (SSA) would have paid. Therefore, your annuity application asks only for basic information, such as the number of children you have who would qualify under this provision. The term child includes your dependent and unmarried natural child, adopted child, stepchild, or, under certain conditions, your grandchild if both parents are deceased or disabled.

Your child may be included in the *Special Guaranty* computation if:

1. The child is under age 18; or,
2. The child is age 18 or older and has a permanent disability which began before attaining age 22; or,

3. The child is age 18-19 and in full-time attendance at an elementary or secondary school.

The RRB field office where you file your application will test your annuity rate to determine if the *Special Guaranty* could apply. If it could apply, our field office will contact you for further information. For more information on the *Special Guaranty* computation, read booklet G-179 *Special Guaranty in Employee and Spouse Annuities*.

Chapter 3 - Credit for Military Service

If you ever served in **active duty** in the United States Armed Forces, the RRB may be able to use that military service to increase your annuity. You must first submit proof of this military service, which may be a certificate of discharge, or any official military record that shows your dates of service. If your military service records were destroyed, either in the fire in the National Records Center, at St. Louis in 1973, or in some other way, you may request a new military service record with Form SF-180 *Request Pertaining to Military Records*. This form is available from the RRB or your branch of service.

A. Military Service in the Annuity Computation -

Your creditable military service can be used to increase the yearly earnings amounts used in the computation of your Tier 1 benefit, subject to the yearly earnings maximums.

Active military service can also be used in the computation of your RRB annuity to either:

1. increase your Tier 2 benefit and any supplemental annuity, as explained in Section B-C; or,
2. qualify you for a *Vested Dual Benefit* if you have substantial railroad service before 1975, as explained in Section D.

B. *Basic Requirements Under the Railroad Retirement Act (RRA)* - Crediting of military service as railroad service months in the computation of your Tier 2 benefit or supplemental annuity under the RRA prevents career railroad employees from losing retirement credits while performing active military service during a war period or period of national emergency. For this reason, voluntary or involuntary military service in a war period or period of national emergency may be creditable as railroad service months (with the exception of the period June 15, 1948, through December 15, 1950, as explained in Section C).

Credit for military service as railroad service months may be allowed only if, either in the same calendar year as the enlistment or induction, or, in the next preceding calendar year, you:

1. performed compensated service for an employer under the RRA; or,
2. were entitled to *Pay for Time Lost* as an employee for an employer under the RRA; or,
3. were serving as an employee representative as defined in the RRA.

Members of a reserve component of the uniformed services who are called to active duty from inactive duty can receive railroad service months for such active duty, provided that one of the requirements described above was met as of the date called from inactive duty. However, only one railroad service credit is allowed for a calendar month. If you have actual railroad service in the same month as the military service reserve duty, only one railroad service month is credited for that month.

C. *Military Service in the Period June 15, 1948, through December 15, 1950* - In addition to the requirement of railroad service prior to entering active military service described above, the voluntary

active military service in the period June 15, 1948, through December 15, 1950, is creditable if you:

1. perform compensated service for a employer under the RRA in the year released from active military service or in the next year; or,
2. did not work for a non-railroad employer after leaving military service and before resuming railroad employment.

D. *Basic Requirements Under the Social Security Act (SS Act)* - The 1974 RRA requires a reduction in your Tier 1 benefit for any SS benefits that you receive. However, if you qualified for both the RRA annuity and the SS benefits (dual benefits) before 1975, and meet certain vesting requirements, you can receive an amount called the *Vested Dual Benefit* component of the annuity.

Military service performed before 1975 can be used as *Quarters of Coverage*, to help meet the “vesting” requirements, provided it meets the conditions for creditability under the SS Act.

1. *Military Service Performed Before 1957* - For military service performed before 1957, the SS Act requires that the military service be Active Duty of at least 90 consecutive days and the type of discharge be other than dishonorable. There is no distinction between voluntary and involuntary military service. If the veteran’s creditable military service was performed entirely before 1957 (no creditable military service after 1956), the military service cannot be used as *Quarters of Coverage* if a monthly benefit payable by another Federal agency (other than the Department of Veterans Affairs) includes the same period of military service.
2. *Military Service Performed After 1956* - For military service performed after 1956, the SS Act has no length of

military service requirement; no distinction between voluntary and involuntary military service; and does not have restrictions on the type of discharge. The military service can be used as *Quarters of Coverage*, even if a monthly benefit payable by another Federal agency (other than the RRB) includes the same period of military service. The SS Act still prohibits the use of military service as *Quarters of Coverage* when the military service is used as railroad service months in your Tier 2 benefit.

Chapter 4 - Credit for Railroad Work

As explained in Chapter 1, you must stop all railroad work in order to qualify for an employee annuity. A railroad employer is any company or labor organization covered under the RRA. Covered railroad employers include railroads that engage in interstate business, railroad associations, and national railway labor organizations.

There are three types of railroad work: prior service, subsequent service, and “deemed” service. Following is a description of each type of railroad work:

A. Prior Service - Prior service is railroad work performed before 1937. If you lack 360 months (30 years) of subsequent service, any prior service you have can be used to bring you up to 30 years of creditable service. In such a case no more than 360 months of railroad service will be creditable. The prior service months should already be validated in your records based on the application you filed for Medicare at age 65. Form AA-15 *Employee's Statement of Service Performed Before January 1, 1937, to Employers Under the Railroad Retirement Act*, is available at your nearest RRB field office, if needed.

B. Subsequent Service - Subsequent service is railroad work performed after 1936. Unlike prior service, there is no limit to the

number of subsequent service months with which you can be credited.

Your employer reports your railroad service and earnings to the RRB under your social security number. Shortly after each year in which you have railroad earnings, the RRB mails to you a Form BA-6 *Certificate of Service Months and Compensation*. This annual statement has a record of your creditable subsequent service months and compensation after 1936.

Use the RRB Help Line to request Form G-90c *Service and Compensation History Statement* for a record of your railroad earnings.

C. Deemed Railroad Service - For years after 1984, you may be entitled to additional railroad service months if you did not perform actual railroad service for compensation for all months in a year, but you have railroad earnings equal to the Tier 2 monthly maximum times the number of months that you maintained an employment relation in that year.

In order to qualify for these railroad service months, you must have had an employment relation for the months you did not perform actual railroad service. This means that you were:

1. on bona fide leave of absence from the employer; or,
2. not retired or discharged, but by reason of continuous disability, unable to return to service; or,
3. out of service by reason of discharge later determined to be wrongful; or,
4. an employee representative or employee of an employee representative.

Deemed service months cannot be given for months after the beginning date of your annuity or after the date you relinquish rights to railroad employment.

Chapter 5 - The Effects of Unemployment or Sickness Benefits After Your Date Last Worked

A. *Benefit Under the Railroad Unemployment Insurance Act (RUIA)* - Provided you meet the eligibility requirements, you may receive benefits under the RUIA after your actual date last worked. These benefits have no effect on your annuity beginning date. Your annuity can begin as early as the day after your actual date last worked. However, any RUIA benefits paid to you after your annuity beginning date will be recovered from your annuity accrual.

B. *Sick Pay Under Certain Wage Continuation Plans* - Any railroad sick pay, for months after your actual date last worked, that you received under certain wage continuation plans (other than being carried on the payroll at all or part of your regular pay) can be credited to your Tier 1 benefit, for up to six months after your actual date last worked. But this type of sick pay is not creditable as railroad service months to your Tier 2 benefit. The sick pay agreement must be established through a company policy or labor agreement.

Check your pay receipt for the period of sickness to determine if this provision applies to you. If the payment was subject to Tier 1, and not Tier 2 tax, the payment is sick pay and has no effect on your annuity beginning date. Your annuity can begin as early as the day after your actual date last worked. Examples of this type of payment are the Benefit Trust or Provident sick pay plans provided by some railroads.

Chapter 6 - The Effects of Dismissal Allowance, Pay for Time Lost and Some Types of Vacation Pay

This chapter concerns payments that you may receive from your employer after the actual date you last performed service for the railroad, but while you were still carried on

their payroll. These payments can have an effect on your annuity beginning date.

A. *Dismissal Allowance* - Under the Railroad Retirement Act (RRA), a *Dismissal Allowance* consists of monthly compensation payments for a specific period made to an employee who retains employment rights. This is also often called *Wage Continuation, Guaranty Payments*. The following are the main points that define a *Dismissal Allowance*:

1. For these payments, your resignation and relinquishment of rights are not effective until the end of the period for which the payments are made; and,
2. you may be recalled during the period of the allowance. This can apply even if the agreement between you and the railroad is silent on the question of recall; and
3. you continue to receive employee benefits.

B. *Pay For Time Lost* - *Pay For Time Lost* includes:

1. *Personal Injury Settlements* which allocate a portion of the damages as lost compensation for a specific period following the injury.
2. *Short Term Disability* for a specific period for which you are carried on the payroll and receive all or part of your regular pay while absent from work due to sickness.

C. *Vacation Pay* - Some types of *Vacation Pay*, affect your annuity if you are carried on the payroll after your actual date last worked and retain an employment relation.

These payments should be entered as *Pay For Time Lost* on your annuity application to prevent an incorrect annuity beginning date from being established mechanically. Your annuity cannot begin until the day after the last day for which the *Dismissal Allowances, Pay For Time Lost* or *Vacation Pay* are paid.

When possible, it is sometimes to your advantage to accept the payments in a lump sum. You will not receive as many railroad service months, but this allows your annuity to begin at an earlier date. If you need help in making this decision, the RRB field office will provide you with the necessary annuity estimates.

If you accept a *Dismissal Allowance, Pay For Time Lost, or Vacation Pay*, you cannot receive RUIA benefits for the period of time for which you receive these benefits. This is true regardless of whether you leave railroad employment voluntarily or involuntarily.

If you receive an injury settlement or *Dismissal Allowance*, enclose documentation (i.e. a copy of your settlement) with your application AA-1. If your case is still pending, briefly explain in "Remarks." Whenever you intend to claim a period of *Pay for Time Lost* after your actual date last worked, indicate the type of payment in "Remarks" so the RRB can correctly determine your annuity beginning date.

Chapter 7 - The Effects of a Separation Allowance After Your Date Last Worked

This chapter concerns payments that you may receive from your employer after the actual date you last performed service for the railroad, but after you resigned and relinquished your rights to railroad employment. These payments do not have an effect on your annuity beginning date.

Under the RRA, a *Separation Allowance* is compensation paid, from railroad operating funds, to an employee who agrees to relinquish job rights to obtain the payment. The payment can be made in a lump sum or in periodic installment payments.

The entire amount of the *Separation Allowance* is creditable to your Tier 1 benefit, as of the date you relinquish your rights, up to the annual Tier 1 maximum for that year. However, only the amount up to the Tier 2 monthly maximum

for that month is creditable to your Tier 2 benefit. No railroad service months are credited to any month after the month in which you relinquish your rights, even if the *Separation Allowance* is paid in monthly installments.

However, you may be entitled to a *Separation Allowance Lump Sum Payment (SALSA)* as explained in Chapter 23 of this booklet. This amount is a refund of any Tier 2 taxes withheld from *Separation Allowance* payments when they do not result in railroad service months or Tier 2 credit.

In cases where an employee, with at least 25 years of railroad service, has no option to remain in the service of the railroad employer, the acceptance of a *Separation Allowance* does not mean that the termination is voluntary. The employee can still qualify for a *Deemed Current Connection*, as explained in Chapter 9.

However, if you are offered a job of equal class and craft and you chose a *Separation Allowance* instead of keeping your seniority rights to railroad employment, you would be considered to have voluntarily terminated railroad employment and would not be protected by the *Deemed Current Connection*.

If you accept a *Separation Allowance*, you cannot receive RUIA benefits for roughly the period of time (called the disqualification period) it would have taken to earn the amount of the *Separation Allowance*, whether the *Separation Allowance* is paid in a lump sum or installments.

If you have not obtained new employment by the end of the disqualification period and are still actively seeking work, you may be eligible for unemployment benefits at that time. You must meet all the usual eligibility requirements, including the availability for work requirement. An employee can establish availability for work by demonstrating a willingness to work and making significant efforts to obtain work. In judging your willingness to work, the RRB considers, among other factors, the reason you accepted the

Separation Allowance and the extent of your work-seeking efforts during the disqualification period. Therefore, if you are offered a job of equal class and craft and you chose a *Separation Allowance* instead of keeping your seniority rights to railroad employment, you would be considered to have voluntarily terminated railroad employment and may not qualify for RUIA benefits.

Example - If your salary was \$3,000 a month without overtime pay, and your *Separation Allowance* was \$12,000, you would be disqualified from receiving RUIA benefits for approximately 4 months. You could receive RUIA benefits for the months after the end of the 4 month disqualification period only if you meet the availability for work requirement.

Note that lump sum payments from a pension trust fund are not considered to be *Separation Allowances* under the RRA, even if the railroad or the RUIA refers to them as *Separation Allowances*. These payments are not subject to Tier 1 or Tier 2 taxes and do not increase the Tier 1 benefit. However, they can create a disqualification period for benefits under the RUIA and can cause a reduction to supplemental annuity benefits, as explained in Chapter 15.

Chapter 8 - Non-Railroad Work

Non-railroad work is any job you may have had that was not in the railroad industry. We ask for information regarding your non-railroad work for several reasons. Information about any government jobs you may have had or any self-employment is necessary to determine whether or not you have a current connection with the railroad industry (as explained in Chapter 9). Earnings after your annuity beginning date from any non-railroad employment or self-employment may also cause work deductions, as explained in this chapter and Chapter 11.

A. Your Last Pre-Retirement Non-Railroad Employer - Your *Last Pre-Retirement Non-Railroad Employer* (LPE) is the term that

generally refers to any non-railroad employer for whom you performed service at the same time or after you stopped railroad employment, but before your annuity beginning date. Your annuity application asks for your last two non-railroad jobs because you may have more than one LPE employer.

Example 1 - If you hold a non-railroad job at the same time as your last railroad job, the non-railroad job is considered to be your LPE.

Example 2 - If your last job before your annuity begins is outside the railroad industry, this job is considered LPE.

Example 3 - If, in the 12 months before your annuity begins, you hold two or more non-railroad jobs at the same time, each one is considered to be your LPE.

Work in Canada for a railroad whose principal operation is in Canada has never been covered employment under the RRA. Work in Canada by a Canadian citizen or permanent resident of Canada for a railroad whose principal operation is in the United States is not covered employment under the RRA effective January 1, 1983, or later. Either of these types of work (which are called *Canadian Service*) are considered to be non-railroad service. *Canadian Service* will not provide you with railroad service months. If you are in *Canadian Service* when you retire, you do not have to stop this work to receive your annuity. This work would be considered your LPE and is subject to LPE work deductions.

Work as a public official (whether elected or appointed) within the year prior to your annuity beginning date would be considered LPE and is subject to LPE work deductions.

B. Service After the Annuity Beginning Date For Your LPE Employer - Any non-railroad work that began before your annuity beginning date (ABD) that continues or is resumed **after your ABD** may be considered

LPE. Even work for which you are paid minimal earnings can be LPE. LPE can affect your Tier 2 and any supplemental annuity as explained in Chapter 11.

C. *Non-Railroad Work That is not Considered*

LPE - Some types of non-railroad work are not considered LPE, no matter when they are done. The following types of non-railroad work do not have an effect on payment of the Tier 2 or supplemental annuity:

1. military service; or,
2. mail handling under contract for the U.S. Post Office; or,
3. jury duty; or,
4. employment for which you are reimbursed only for your expenses; or,
5. self-employment.

If you are claiming self-employment, you should complete and return Form AA-4, *Self-Employment and Substantial Service Questionnaire*. This questionnaire will provide the RRB with the necessary information to correctly determine if your work is actually self-employment or employment for an incorporated business or former employer. If you are working for an incorporated business that you own, the RRB does not consider that work self-employment. If you are self-employed in an unincorporated business, the RRB considers how your self-employment compares to the work you did for your former employer before you applied for your annuity.

Also note that any non-railroad employment **after your ABD**, for an employer that you never worked for before your annuity beginning date, is not LPE and does not have an effect on your Tier 2 or supplemental annuity. It can, however, cause Tier 1 work deductions, as explained in Chapter 11.

Chapter 9 - Current Connection

You must have a *Current Connection* with the railroad industry in order to receive a supplemental annuity or an occupational disability annuity. Future survivor benefits can be paid by the RRB only if you have a *Current Connection*. The RRB will determine whether or not you have a *Current Connection* when your annuity application is processed.

A. *Requirements for Regular Current Connection*

- You have a regular *Current Connection* with the railroad industry if you meet either of the following conditions:

1. you worked for a railroad in at least 12 of the 30 consecutive months before the month in which your annuity begins; or,
2. you worked in the railroad industry in at least 12 months in any other period of 30 consecutive months before the month your annuity begins without any intervening non-railroad employment. However, if you worked in nonrailroad employment between the end of the 30-month period and the month your annuity begins, you may have broken your *Current Connection*.

B. *Work That Will Not Break Current Connection*

- The following types of work do not break a *Current Connection*:

1. *work for certain government agencies* - work for the following government agencies will not break your *Current Connection*:
 - a) Alaska Railroad (as long as it is owned by the State of Alaska); or,
 - b) U.S. Department of Transportation; or,
 - c) Surface Transportation Board (or its predecessor the Interstate Commerce Commission); or,
 - d) National Mediation Board; or,

- e) National Transportation Safety Board; or,
 - f) the Railroad Retirement Board; or,
2. service for a railroad whose principal operation is in Canada and service by a Canadian citizen in Canada for a railroad whose principal operation is in the United States; or,
 3. self-employment (see Chapter 8); or,
 4. non-railroad work after your annuity beginning date.

C. *Deemed Current Connection* - If you do not have a regular *Current Connection*, you may have a *Deemed Current Connection* for a supplemental annuity or future benefits payable to your survivors. Your *Current Connection* is deemed to be maintained, even if you have regular non-railroad employment before your annuity begins, if you:

1. have at least 25 years of railroad service; and,
2. either stopped working in the railroad industry “involuntarily and without fault” for a non-medical reason on, or after, October 1, 1975, or, were on furlough, leave of absence or absent because of injury on, or after, October 1, 1975, and were not called back to work; and,

Note: An employee cannot be on furlough, leave of absence, or absent because of injury status after relinquishment of rights to railroad service.

3. did not decline an offer to return to railroad employment in the same “class or craft” as your most recent railroad service (regardless of the number of miles you would have had to move to accept such job).

If you meet all the above requirements, your *Current Connection* would not be broken, even if you work in regular employment after your 30-month period and before retirement or death.

D. *Proof of Deemed Current Connection* - RRB records will confirm if you have 25 years of service. You must supply the proof that you did not voluntarily end your railroad service. The best evidence is the letter from your employer that describes the circumstances of your separation. Other acceptable proof are personnel, payroll, and health insurance records that show your employment status

If none of these documents exist when your application is filed, it will be necessary for you to secure an affidavit from a railroad or union official or from two of your former co-workers who can be identified by the RRB as railroad employees.

Chapter 10 - When Your Annuity Can Begin

Refer to booklet RB-1D *Employee Disability Benefits* if you are applying for a disability annuity.

You must file an Application AA-1 *Application for Employee Annuity* to receive railroad retirement benefits based on your age and service. When you file an application for an age and service annuity, you may select the day you want your annuity to begin. You have two choices: the earliest date permitted by law, or a **later** date designated by you.

Most applicants select the earliest date permitted by law. This means the RRB will set your annuity beginning date as the very first day it could legally begin. If you choose to select a beginning date yourself, your annuity will begin on that date. However, the date you choose cannot be before the earliest date permitted by law.

The earliest annuity beginning date permitted by law is the latest of the following:

1. the day after the actual day you last worked in the railroad industry; or,

2. the day after the last day of a period of *Dismissal Allowance*, *Pay for Time Lost* or some types of *Vacation Pay* from the railroad industry; or,
3. the first day of the first full month you meet the age requirement, as described in Chapter 1; or,
4. the first day of the month in which your application is filed if you have less than 30 years of service and your annuity is reduced for age.
5. six months before the month in which you file your annuity application if your annuity is not reduced for age or if your age reduction under the 60/30 provisions would not increase.

If items 1-3 above apply, you can file your age and service application up to three months before the earliest annuity beginning date permitted by law.

Note that, if you delay filing for benefits, you may lose benefits for some or all of the period before the month in which you file.

Chapter 11 - How Earnings Affect Your Annuity

Your annuity is not payable for any month in which you are in railroad service. In addition, non-railroad earnings after your annuity beginning date can affect your annuity computation.

If you are filing for a disability annuity, refer to the earnings restrictions in booklet RB-1D, *Employee Disability Benefits*. Otherwise, the two types of age and service annuity deductions for earnings are explained below:

A. *Tier 1, Vested Dual Benefit, and Special Guaranty Computation Work Deductions* -

If you are *Full Retirement Age* or older, on your annuity beginning date, you may skip to Section B of this chapter. Tier 1, *Vested Dual Benefit*, or *Special Guaranty* work deductions do not apply for any months

you are *Full Retirement Age* or older. If you are under *Full Retirement Age*, earnings from any non-railroad employment (including self-employment) over the *Annual Earnings Exempt Amount* cause work deductions to your Tier 1, your *Vested Dual Benefit* and to any *Special Guaranty* computation.

When you have earnings over the *Annual Earnings Exempt Amount* for your age group, the excess is charged against your annuity and the annuities of all others entitled on your earnings record. However, any divorced spouse who has been divorced from the employee at least two years will not be affected by the employee's earnings effective from the second anniversary of the divorce.

The term *Annual Earnings Exempt Amount* means the amount of money you can earn in non-railroad employment in a year without losing part of your annuity or your spouse's annuity. There are separate *Annual Earnings Exempt Amounts* for persons under *Full Retirement Age*, and for the year in which the person attains *Full Retirement Age*, as explained in the following chart.

DETERMINING YOUR ANNUAL EARNINGS EXEMPT AMOUNT

For a year:	You may lose up to \$1 in Tier 1 benefits for every	The reduction:
In which you attain Full Retirement Age.	\$3.00 of earnings over the Annual Earnings Exempt Amount for your age group. However, your earnings are only counted for months before the month in which you attain Full Retirement Age.	Is removed effective the month in which you attain Full Retirement Age.
You are under Full Retirement Age for the entire year.	\$2.00 of earnings over the Annual Earnings Exempt Amount for your age group.	Applies for the full year.
You work outside the U.S. for 45 or more hours per month.	\$2.00 of earnings. There is no Annual Earnings Exempt Amount for work outside the U.S. However, your earnings are only counted for months before the month in which you attain Full Retirement Age.	Is removed effective the month in which you attain Full Retirement Age.

Refer to Form G-77a *How the Amount of Earnings Affects Payment of Retirement Annuities* for the *Annual Earnings Exempt Amount* to use when completing the earnings items on your annuity application.

1. ***Definition of Earnings for Tier 1, Vested Dual Benefit, or Special Guaranty Computation*** - In general, earnings restrictions apply to gross earnings from employment and net earnings from self-employment. Gross earnings are all salaries (including amounts deferred to a 401(k) pension account), commissions, bonuses, retroactive wage increases, or any allowances for room or board earned in the calendar year. If these earnings are from an employer covered under the Social Security (SS) Act, the amount of the gross earnings is the amount reported for social security Federal Insurance Contributions Act (FICA) tax. Net earnings from self-employment equals the amount of gross income minus expenses that were reported for social security tax under the Self-Employment Contributions Act (SECA). Add your earnings from employment and self-employment together to determine the total earnings for the calendar year for the purpose of Tier 1, *Vested Dual Benefit*, or *Special Guaranty* work deductions.

Do not include as earnings any money that you received for any reason other than work, such as interest from savings, income from investments, gifts, inheritances, pensions or other retirement benefits.

2. ***Exception For First Year of Entitlement With a Non-Work Month*** - In the year your annuity begins, deductions are based on your earnings for the entire year, not just the earnings after you retire. However, deductions are assessed differently. A special rule is used to apply work deductions in the first year after your annuity begins in which you have a non-work month. For many people, this is the year their annuity begins. A non-work month is a month in which you earn less than the *Monthly Earnings Exempt Amount* for your age (the *Annual Earnings Exempt Amount* for your age divided by twelve)

or, if self-employed, render no substantial services. (The RRB uses Form AA-4 *Self-Employment and Substantial Service Questionnaire* to determine months in which you rendered no substantial services.)

In the year the special rule is applied, deductions are not applied to any non-work month. If you have high earnings before your annuity begins but do not earn more than the *Monthly Earnings Exempt Amount* in any month after your annuity begins, Tier 1, *Vested Dual Benefit* or *Special Guaranty* deductions will not be required. If you do earn more than the *Monthly Earnings Exempt Amount* in one or more months after your annuity begins, deductions are assessed to those months up to the amount required based on your total earnings for the year.

After the first year in which you have a non-work month, this monthly test does not apply. If your earnings are high enough, deductions will be assessed to your annuity for the entire year, even if you only work part of the year.

3. ***Exception for Social Security Benefit Entitlement*** - No earnings deductions are made by the RRB to your Tier 1 if you are receiving social security benefits. Earnings deductions may be made by the Social Security Administration in your social security benefit. If your annuity includes a *Vested Dual Benefit*, however, earnings deductions are still assessed to that part of your annuity.
4. ***Exception For Those Who Do Not Have a Work Deduction Insured Status*** - Most employees currently retiring have a *Work Deduction Insured Status*. This means that you have accumulated wage quarters and/or railroad compensation quarters after 1974 that equal the number of *Quarters of Coverage* to have

an insured status under the SS Act. Having a *Work Deduction Insured Status* means that Tier 1 and *Vested Dual Benefit* work deductions can apply to you. However, there are a few employees, such as those working for Canadian railroads who may not have accumulated any *Quarters of Coverage* since 1983. Ask your RRB field office if this exception applies to you.

A *Work Deduction Insured Status* is not required for work deductions under the *Special Guaranty Computation*.

B. Tier 2 Benefit and Supplemental Annuity Work Deductions - Any earnings from your *Last Pre-Retirement Non-railroad Employer (LPE)* in or after the month your annuity begins will reduce your Tier 2 benefit, your spouse's Tier 2 benefit and any supplemental annuity. Your LPE is explained in Chapter 8. The reduction is \$1 for each \$2 earned (subject to a maximum reduction of 50 percent of the Tier 2 and supplemental annuity).

The reduction to Tier 2 and the supplemental annuity occurs at any age, even after you attain Full Retirement Age. There is no *Annual Earnings Exempt Amount* or *Monthly Earnings Exempt Amount* for the first year of entitlement for LPE work deductions. LPE work deductions apply no matter how much money you earn in LPE.

Earnings from self-employment or other non-railroad employment are not added to your LPE earnings when computing Tier 2 or supplemental annuity work deductions.

Chapter 12 - Social Security Benefits

If you are entitled to Social Security (SS) benefits based on any wage record, your Tier 1 will be offset for those SS benefits. This is why your SS benefits are certified to the RRB for payment. If you have already filed for your SS benefits, it is important to include the SS benefit information on your annuity

application. This will help to prevent an overpayment of your annuity.

Your railroad retirement application may be used to protect your filing date for SS benefits, if you have not yet filed at the Social Security Administration (SSA), and you will be entitled to the SS benefits within three months. This means the date you file your railroad retirement application can be used as the date you file for SS benefits. If you want to use your railroad retirement application to protect your filing date, the RRB representative will prepare *Form RR-8 Notice of Protection of Filing Date For Social Security Benefits* and send a copy to your local SSA office. The SSA office will contact you to secure an application for SS benefits.

Your railroad retirement application may protect your filing date, but it is not an application for SS benefits. You must file a separate application for those benefits at SSA.

In many cases, filing for SS benefits will not affect your total benefit rate, because of the deduction in your Tier 1. It is usually not to your advantage to apply for benefits at both agencies. It is a good idea to discuss this matter with an RRB representative before deciding to file for SS benefits. Contact your local RRB office for information about your situation before filing at SSA.

Chapter 13 - Non-Covered Service Pensions

The *Non-Covered Service Pension* (NCSP) provision may apply to any employee whose date of birth is January 2, 1924, or later. A NCSP is any payment based on earnings for services performed after 1956 that are not covered as employment under the Social Security (SS) Act or the Railroad Retirement Act (RRA). This payment may either be a monthly check or a lump-sum payment. This information is important because it may affect the amount of your Tier 1 benefit.

A. When Non-Covered Service Pension Reduction May Apply - If your date of birth is January 2, 1924, or later, and you are receiving or expect to receive a pension or annuity (or a lump-sum payment in excess of your own contributions to the pension plan) that is based on any work performed after 1956 **not covered by the SS Act or the RRA**, complete, and return with your application, Form G-209 *Employee Non-Covered Service Pension Questionnaire* to provide the information necessary to compute any offset for your non-covered service pension.

B. Exceptions For the Non-Covered Service Pension Reduction - You are not subject to the non-covered service benefit reduction if you have at least 30 *Years of Coverage*. Approximately one *Year of Coverage* is credited for each year in which you have wages, compensation or self-employment equal to or more than 25% of the Tier 2 maximum creditable earnings for that year (15% of the Tier 2 maximum for years after 1990). Ask your RRB representative if this exception applies to you.

Also note that the following monthly benefits are not considered to be non-covered service pensions:

1. a private pension from your railroad employer; or,
2. payment from the Department of Veterans Affairs; or,
3. pensions based on military service active duty that was performed **entirely** before January 1, 1957.

Chapter 14 - Other Railroad Retirement Annuities

If you are entitled to more than one railroad retirement annuity, your employee annuity is not reduced for the other railroad retirement annuity. But your employee annuity can have an effect on the other railroad retirement annuity.

A. Spouse Annuity - If you are entitled to both an RRA employee annuity, on your own earnings record, and an RRA spouse annuity, on a different earnings record, the reduction to your spouse annuity depends on railroad service before January 1, 1975.

1. If either earnings record has railroad service before January 1, 1975, your spouse annuity Tier 1 is reduced by your employee annuity Tier 1. The reduction may be restored to your spouse annuity Tier 2; or,
2. If neither earnings record has railroad service before January 1, 1975, your spouse (Tier 1 and Tier 2) is reduced by your own total employee annuity (Tier 1 and Tier 2). The reduction is not restored to your spouse annuity Tier 2.

B. Widow(er)'s Annuity - If you are entitled to both an RRA employee annuity on your own earnings record, and an RRA widow(er)'s annuity on a different earnings record, the reduction to your widow(er)'s annuity depends on railroad service before January 1, 1975.

1. If either earnings record has at least 120 months of railroad service before January 1, 1975, your widow(er)'s annuity Tier 1 is reduced by your own employee annuity (Tier 1). The reduction in your widow's annuity Tier 1 will be partially restored to your widow's annuity tier 2. Widower's may also be eligible for the restored amount if they were dependent on the employee for 1/2 support.
2. If either earnings record has some railroad service before January 1, 1975, but neither earnings record has 120 months of railroad service before January 1, 1975, your widow(er)'s annuity Tier 1 is reduced by your own employee annuity (Tier 1). The reduction is not restored to your widow(er)'s annuity Tier 2.

3. If neither earnings record has any railroad service before January 1, 1975, your widow(er)'s annuity (Tier 1 and Tier 2) is reduced by your total employee annuity (Tier 1 and Tier 2). The reduction is not restored to your widow(er)'s annuity Tier 2.

C. *Divorced Spouse's Annuity* - If you are entitled to both an RRA employee annuity, on your own earnings record, and an RRA divorced spouse annuity, on a different earnings record, your divorced spouse annuity is reduced by your employee annuity.

D. *Surviving Divorced Spouse's Annuity or Remarried Widow's Annuity* - If you are entitled to both an RRA employee annuity, on your own earnings record, and an RRA surviving divorced spouse annuity or remarried widow(er)'s annuity, on a different earnings record, the reduction depends on railroad service before January 1, 1975.

1. If there is railroad service before January 1, 1975, on either earnings record, your surviving divorced spouse annuity or remarried widow(er)'s annuity will be reduced by your employee annuity Tier 1; or,
2. If neither earnings record has railroad service before January 1, 1975, your surviving divorced spouse annuity or remarried widow(er)'s annuity is reduced by your employee annuity (Tier 1 and Tier 2).

Chapter 15 - Requirements to Receive a Supplemental Annuity

Some retired railroad employees may be eligible to receive a supplemental annuity from the RRB. This is in addition to the regular age and service or disability annuity.

A. *Requirements for a Supplemental Annuity* - To be eligible for the supplemental annuity, you must meet the following requirements:

1. ***Age and Railroad Service*** - You must be at least age 65 with at least 300 months (25 years) of creditable railroad service, or at least age 60 with at least 360 months (30 years) of creditable railroad service. (Note that the age requirement for the supplemental annuity is not affected by the definition of *Full Retirement Age* explained in Chapter 1); and,
2. ***Qualified for Annuity*** - You must be eligible for, and have filed for, an age and service or disability annuity. The supplemental annuity can never begin before the regular age and service or disability annuity; and,
3. ***Railroad Service Before October 1, 1981*** - You must have railroad service creditable to at least one month before October 1, 1981; and,
4. ***Current Connection*** - You must have a *Current Connection* with the railroad industry as explained in Chapter 9.

B. *Reduction for Employer Pension* - The amount of your supplemental annuity is reduced if you are receiving a monthly pension from your railroad employer that is based in whole or in part on railroad employer contributions. It is also reduced for any lump-sum distribution of the employer contributions that you receive from your pension plan, in lieu of a monthly rate. The lump-sum distribution is considered to be paid, even if you roll-over the funds to another pension account. Your own contributions to your pension account do not affect your supplemental annuity.

On your annuity application, please indicate the name of the railroad employer(s) with whom you still hold pension rights (other than railroad retirement). Indicate the category (choose one only) that most accurately applies to the job position that vested you for the employer monthly pension or lump-sum pension payment. The

choices are "Salaried (Management)," "Non-Agreement (Non-Union)," "Agreement (Union)," and "Other." If your private pension is based on an agreement between your union representatives and your employer, indicate that your pension is based on a collective bargaining agreement.

The RRB will forward Form G-88p *Employer's Supplemental Pension Report*, to your railroad employer:

1. when you are retiring from a job position that is covered by an employer monthly pension or lump-sum pension plan that could cause a reduction to your RRB supplemental annuity; or,
2. when you indicate that you are receiving, or will receive, an employer monthly pension or lump-sum pension payment.

Chapter 16 - Medicare Coverage and You

A. General Information About Medicare-

Medicare is a two part Federal health insurance program for people who are age 65 or older; who are disabled; or who have kidney failure. One part of Medicare is *Hospital Insurance* (also known as Part A). The other part is *Medical Insurance* (also known as Part B).

1. *Hospital Insurance* - *Hospital Insurance* (Part A) can help pay for four kinds of care:
 - a) inpatient hospital care; or,
 - b) inpatient care in a skilled nursing facility following a hospital stay; or,
 - c) care in your home by a home health agency; or,
 - d) hospice care.

As soon as you are determined to be eligible for Medicare, you will automatically be enrolled for *Hospital*

Insurance coverage (Part A). You do not pay a monthly premium for your *Hospital Insurance* coverage.

2. *Medical Insurance* - *Medical Insurance* (Part B) can help pay for additional kinds of medically necessary care:
 - a) doctors' services; or,
 - b) outpatient hospital services; or,
 - c) a number of other medical services and supplies that are not covered by the *Hospital Insurance* part of Medicare.

B. Part B-Medical Insurance at Age 65 or Older - Enrollment for *Medical Insurance* (Part B) depends on your age when you file your annuity application.

1. If you are under age 64 and 5 months old when you file your annuity application, you will be automatically enrolled in *Medical Insurance* (Part B) at age 65, unless you decline this coverage.
2. If you are at least 64 years and 5 months old, when you file your annuity application, you can use your employee annuity application to enroll for the *Medical Insurance* (Part B) .

If you want *Medical Insurance* (Part B) at age 65, you must pay a premium for each month you have this insurance. If you receive an annuity, the premium will usually be deducted from your monthly annuity rate.

If you do not want *Medical Insurance* (Part B) at age 65 and then decide at a later date that you do want to sign up, your protection may be delayed and your premiums may be more expensive.

If at any time, you wish to cancel the election that you make on your annuity application, you must contact the nearest office of the RRB.

C. *Special Enrollment Period (SEP)* - You may delay enrolling in *Medical Insurance* (Part B) coverage without penalty if you are covered under an *Employer Group Health Plan* (EGHP) at age 65. The EGHP may be based on your own employment or your spouse's employment. You may enroll in *Medical Insurance* (Part B) at any time while you are covered under the EGHP; or, you can enroll during a *Special Enrollment Period* (SEP). Your SEP begins when the employment on which the EGHP is based ends or the first month you are no longer covered under the EGHP, whichever comes first. The SEP lasts for 8 months.

If you have an EGHP, you need to file a Form G-44b *Application for Medical Insurance Under Medicare* to enroll in Medical Insurance (Part B) and include it with your annuity application. Please discuss this with your local RRB field office. The beginning date of your *Medical Insurance* (Part B) coverage depends on the status of your EGHP enrollment when you file for the *Medical Insurance* (Part B).

1. If you file for *Medical Insurance* (Part B) during any month in which you are enrolled in an EGHP, or in the first full month of your SEP, you can choose the effective date of your *Medical Insurance* (Part B). This effective date can be the first day of the month you file or the first day of any of the following three months after the month of filing; or,
2. If you file for *Medical Insurance* (Part B) during the other seven months of your SEP, your *Medical Insurance* (Part B) will begin the first day of the month after the month you file. The beginning date can be no later than the ninth month after the start of your SEP.

Example - If your EGHP is based on employment that ends on March 19, and you file for *Medical Insurance* (Part B), the following applies:

- If you file anytime after March 19, and before April 1, you can choose the effective date of March 1, April 1, May 1, or June 1, for your *Medical Insurance* (Part B); or,
- If you file anytime in April, you can choose the effective date of April 1, May 1, June 1, or July 1, for your *Medical Insurance* (Part B); or,
- If you file anytime during the period May 1 through November 30, your *Medical Insurance* (Part B) will begin effective the month after the month in which you file your annuity application.

If you are already enrolled in *Medical Insurance* (Part B) and are paying higher premiums due to late enrollment, and you had EGHP coverage at age 65, you may use your annuity application to request a review of the *Medical Insurance* (Part B) premium rate you are paying.

D. *Medicare Plus Choice* - Starting in 1999, Medicare offers more health plan choices. One of the new health plan choices might be right for you. The choice is yours. Whatever you decide, you can still have Medicare protection. All Medicare health plans must provide all services covered by Medicare.

To be eligible for the other Medicare health plan choices:

1. You must have *Hospital Insurance* (Part A) and *Medical Insurance* (Part B); and,
2. You must not have End-Stage Renal Disease.

You must live in the service area of a health plan. The service area is the geographic area where the plan accepts enrollees. For plans that require you to use their doctors and hospitals, it is also the area where services are provided.

E. *Early Medicare Based on Disability* - You can also be covered by Medicare before age 65 if you are eligible for a monthly railroad retirement annuity and are totally disabled for all employment. If you are filing for an annuity before the month you will attain age 63, and you are totally disabled, you may use your annuity application to request a disability determination to be eligible for early Medicare coverage. Also complete and return Form AA-1D, *Application For Determination of Employee Disability*.

Refer to booklet RB-1D, *Employee Disability Benefits*, for an explanation of the disability requirements.

F. *More Information About Medicare* - Call 1-(800)-MEDICARE (1-800-633-4227) 24 hours a day for automated options:

- to request *Medicare and You* handbooks or audio tapes in English or Spanish;
- to request updated general information about health plans in your area; and,
- to listen to prerecorded answers to frequently asked questions.

Otherwise, call this 800 number between 8:00 a.m. and 4:30 p.m., local time, Monday through Friday to get general information about Medicare supplemental insurance, (Medigap) and telephone numbers for help with more complex questions about health insurance.

Chapter 17 - Worker's Compensation and Public Disability Benefits

The *Worker's Compensation and Public Disability Benefit* (WC/PDB) provision only applies to disability annuitants. If you are not filing for a disability annuity, you can skip this chapter.

The Tier 1 portion of your disability annuity may be reduced if you are receiving WC benefits

or certain PDB's. The WC benefits that affect your annuity are those payments made to you by a Federal or State worker's compensation insurance law for a work-related injury or disease you may have. The PDB's that may affect your annuity are those payments made to you by a Federal, State or local government based on employment that is not entirely covered by the Social Security Act (SSA).

Generally, when 85% or more of the period of service for a Federal, State, or local government is covered under the SSA, a PDB based on that service paid by Federal, State or local plan will not cause a reduction. Also, payments from the Department of Veterans Affairs will not cause a reduction.

Military service disability pensions based entirely on active duty before 1957 will cause a PDB reduction.

If you receive WC or a PDB based on any employment from a Federal, State, or local government that was not covered under the SS Act at all, you must submit proof of the amounts and effective dates of your WC or PDB.

Part II After You Apply for Your Annuity

The chapters in this part of the booklet explain what the RRB does after you file your annuity application. Included is important information about how soon you can expect a decision on your application.

Chapter 18 - Notice of the Decision About Your Age and Service Application

After you sign your application, your application and proofs are forwarded to RRB's Headquarters in Chicago, Illinois, to determine if you can be paid an employee age and service annuity. Our goal is to process your application as quickly as possible.

Claims for some benefits may take longer to handle than others if they are more complex, or if we have to get information from other people or organizations. If this happens, we will give you an explanation and an estimate of the time required to make a decision.

Sometimes we will not be able to make a decision on your application for benefits without some additional information from you. If so, we will contact you by telephone or mail and ask you to send us the required forms, proofs, or statements.

If you do not receive a notice that additional information is needed, you should receive the decision on your annuity application as follows:

- A. *Advanced Filing Cases*** - When you file up to 90 days before the earliest date your annuity can begin (see Chapter 10), you should receive your annuity award letter and first payment within 35 days of the date your annuity can begin. However, note that no payment is due until the first day of the month after the first month of annuity entitlement, as explained in Chapter 19.
- B. *Other Than Advanced Filing Cases*** - If you do not file your annuity in advance of the earliest date in which your annuity can begin, you should receive your annuity award letter and first payment within 65 days from the date you file your annuity application.
- C. *Annuity Denial*** - If you cannot be paid an annuity, the RRB will send you a decision within 35 days of the beginning date you requested, if you filed in advance, or 65 days of the date you filed, if you did not file in advance, explaining:
 - 1. why you cannot be paid; and,
 - 2. what you can do if you disagree with the reason you cannot be paid. If you think we made the wrong decision about your benefits, you have the right to ask for a review and to appeal.

Chapter 19 - How Payments Are Made

The first payment you receive from the RRB will be separate from your annuity award letter. Annuities are payable at the beginning of the month following the month for which the annuity accrued. The payment that you receive at the beginning of the month actually represents the annuity that accrued for the previous month.

- A. *Advance Filing Cases*** - When you file up to 90 days before the earliest date your annuity can begin (see Chapter 10), no payment is due until the first day of the month after the first month of annuity entitlement.
- B. *Other Than Advance Filing Cases*** - If you are not filing in advance of your annuity beginning date, the initial payment may be a partial payment, with an estimated monthly rate, representing payment due through the end of the preceding month. You will continue to receive this partial amount until your final rate can be determined and awarded. Once your final rate has been certified, you will receive any increase due from your annuity beginning date. You may receive this payment at any time during the month.

The payment that you receive after your initial payment will be made once a month on the first day of the month. If the first day of the month falls on a Sunday or a holiday, the payment will be received on the next business day. The payment that you receive at the beginning of each month actually represents the annuity that accrued for the previous month.

Withholding for Federal Income Tax may occur, either based on your election filed on Form W-4P *Withholding Election Form* or based on a status of "married with 3 dependents."

Chapter 20 - Direct Deposit to a Financial Organization

The Federal government now requires all government payments to be sent directly to a savings or checking account at a financial institution instead of being sent to the recipient's home. Under the RRB's Direct Deposit program, your monthly annuity payment will be made directly to your savings or checking account at the financial institution that you indicate on your annuity application. You will find that this is both safe and convenient.

If you decline direct deposit based on hardship, you can still change your mind at a later date. Telephone or visit your RRB field office. Have your personal check or bank statement handy because they contain the information needed to start direct deposit. The field office personnel will enter the information into our payment system and tell you when the direct deposit will take effect.

You may also take one of your annuity checks to your financial institution and ask them to complete an automated Quick\$tart enrollment or a Form SF - 1199A *Authorization for Deposit of Federal Recurring Benefits*. Your financial institution will have these forms on hand. Shortly after the RRB receives your direct deposit information, your monthly annuity payment will start going directly to your savings or checking account.

Even though your payments are on direct deposit, be sure to keep your home address on our records current as explained in Chapter 21.

Chapter 21 - Change of Address

Notify the nearest RRB office immediately if you change your address, even when your monthly annuity payments are going directly to your savings or checking account. All correspondence from the RRB is sent to your home mailing address on record. This mailing address is used to send any material other than your payments to you (such as

notices or cost-of-living increases, Medicare information, new *Annual Earnings Exempt Amounts*, and tax statements). If you do not report your change of address, the RRB cannot be responsible for any important information that you do not receive.

A notice of change of address must be in writing and always include:

1. your RRB claim number;
2. your name;
3. your new address;
4. your old address;
5. the date you will start receiving mail at the new address;
6. if your spouse also receives an RRA annuity, a statement that your notice of change of address applies for both you and your spouse or applies to you alone; and,
7. your signature or the signature of your representative.

Chapter 22 - Receiving a Tax Refund of Excess Social Security Tax

If, before you retired, you worked in both railroad employment and social security covered employment and your combined gross earnings from employment or net earnings from self-employment exceeded the Tier 1 yearly earnings maximum for any year, you may qualify for a refund of any excess social security taxes that were withheld from your earnings under the Federal Insurance Contributions Act (FICA) or that you paid under the Self-Employment Contributions Act (SECA).

A. *Earnings After Year 1974* - If you work in both railroad employment and social security covered employment in any year after 1974 and your combined earnings exceed the Tier 1 yearly earnings maximum

for that year, you can obtain a refund of FICA or SECA tax for the earnings in excess of the Tier 1 yearly earnings maximum. Claim the amount of the excess social security tax on your income tax return (U.S. Individual Income Tax Form 1040 or Form 1040A, under *Excess FICA or RRTA Tax withheld*). This is how people who have never worked in the railroad industry get refunds for their excess social security taxes. There is a three year statute of limitations on such claims.

Earnings 1951 Through 1974 - If your combined railroad and social security covered earnings exceeded the yearly earnings maximum in any year from 1951 through 1974, you qualify for the refund of excess social security tax if you have at least 120 months (10 years) of railroad service and are not entitled to a *Vested Dual Benefit*. The refund is the amount of the FICA or SECA tax based on the amount of your yearly earnings that exceeded the yearly earnings maximum for that year. If you qualify for this refund, you do not have to apply for it. The RRB will automatically pay it to you when you retire. If you die before receiving this refund, it will be paid to your survivors.

Chapter 23 - Receiving a Railroad Separation Allowance Payment

An additional lump-sum payment may be payable to you if you received a *Separation Allowance* after 1984 that was paid in installments. Such payments did not provide additional railroad retirement service months, as explained in Chapter 7.

A. Computation of Lump-Sum - The *Separation Allowance* lump-sum payment for the years the *Separation Allowance* installments were paid equals the product of:

- The amount of the *Separation Allowance* subject to Tier 2 taxation for those years,

minus:

- The amount of the *Separation Allowance* used to credit the total service months for those years,

multiplied by:

- The employee Tier 2 contribution rate(s) under the Railroad Retirement Tax Act (RRTA) for those years.

B. Eligibility Requirements - To be eligible for a *Separation Allowance* lump-sum payment, you must have completed at least 10 years of railroad service at the time of retirement or death. If you qualify for the payment, you do not have to apply for it. The RRB will automatically pay it to you when you retire. If you die before receiving this payment, it will be paid to your survivors.

Chapter 24 - Records You Should Keep

We recommend that you keep this booklet, even after you file your annuity application. It contains important information concerning your entitlement to railroad retirement benefits.

You should also keep the following:

1. your annuity award notice or denial notice; and,
2. any notes from the RRB representatives who helped you file your annuity application. The notes should detail any special aspects of your claim (such as why a certain employer was or was not your LPE); and,
3. a copy of your Federal Income Tax Form W-4-P *Withholding Election Form* and,
4. a copy of the RB-9 Booklet *Employee and Spouse Annuities - Events That Must Be Reported* to help you comply with RRB's reporting requirements.

Fraud and Abuse Hot Line

Call the toll-free **Hot Line** if you have any reason to believe that someone is receiving railroad retirement benefits to which he or she is not entitled, that persons responsible for the financial affairs of minors or incompetent beneficiaries are misappropriating benefits; or that a doctor, hospital, or other provider of health care services is performing unnecessary or inappropriate services or is billing Medicare for services you did not receive. You may also use the **Hot Line** to report any suspected misconduct by an RRB employee. The **Hot Line** has been installed by the RRB's Inspector General to receive any evidence of such fraud or abuse of the RRB's benefit programs.

In Illinois, you may call 1-312-751-4336; outside Illinois, call (toll-free) 1-800-772-4258. Or you may send your complaints in writing to: RRB, OIG, Hot Line Officer, 844 North Rush Street, Chicago, Illinois 60611-2092. ***Please do NOT call the Hot Line with questions about eligibility requirements, delayed claims, or similar problems. Such matters should be directed to your local RRB field office.***

Nondiscrimination on the Basis of Disability

Under Section 504 of the Rehabilitation Act of 1973 and Railroad Retirement Board (RRB) regulations, no qualified person may be discriminated against on the basis of disability.

RRB programs and activities must be accessible to all qualified applicants and beneficiaries, including those with impaired vision or hearing. Persons with disabilities needing assistance (including auxiliary aids or program information in accessible formats) should contact the nearest RRB office.

Complaints of alleged discrimination by the RRB on the basis of disability must be filed within 90 days in writing with the:

DIRECTOR OF ADMINISTRATION
RAILROAD RETIREMENT BOARD
844 NORTH RUSH STREET
CHICAGO, ILLINOIS 60611-2092

Questions about individual rights under this regulation may be directed to the RRB's Director of Equal Opportunity at the same address.

U.S. Railroad Retirement Board

Printed Matter

Official Business

Penalty for Private Use \$300

RB-1